

Accounting 2
1 Equip. Supp - 2

OGC HAS
REVIEWED.

14 October 1954

MEMORANDUM FOR: Acting Chief of Logistics

SUBJECT : Proposed Memorandum of Agreement between Office
of the Comptroller and the Logistics Office

1. I have read the proposed Memorandum of Understanding and would like to make the following comments:

a. Article II(b)(1). The word "non-personal" should be added in front of the word "service." This is a minor matter but I believe we should specifically exclude the contracts of the Special Contracting Officer. In line with this thought, the words "except those for personal services" might be substituted in Article II(a)(1) for the words "as defined in the Armed Services Procurement Regulations."

b. Article III(c). I believe the right of the Agency to audit a cost contract as provided in 41 U.S.C. 153(b) has been confused with the right of the Comptroller General to examine the records of contractors as provided in 41 U.S.C. 153(c). I, therefore, suggest the following paragraphs be substituted for the present Article III(c):

"(c) CONTRACTUAL PROVISIONS FOR AUDIT

Cost contracts and fixed price contracts subject to price redetermination will contain a provision for audit by an authorized representative of the Central Intelligence Agency, except when such contracts are Agency or Government sterile. In that event, the contract will provide for such audit as is consistent with the sensitivity of the contract, including audit by certified public accountants.

"(d) EXAMINATION OF RECORDS CLAUSE

All unclassified contracts payable from vouchered funds which have been negotiated without advertising shall include an 'Examination of Records Clause,'

as required by 41 U.S.C. 153(e), granting the Comptroller General of the United States or any of his duly authorized representatives the right to examine records. All classified contracts payable from vouchered funds which have been negotiated without advertising shall include a clause generally similar but requiring the Contracting Officer's prior approval before the Contractor makes available his records to the Comptroller General. Contracts payable from unvouchered funds which have been negotiated without advertising shall include a clause granting the duly authorized representative of the Central Intelligence Agency the right to examine records for a period of three years from the date of final payment. Government sterile contracts, however, will not contain any such clause nor will contracts where Government interest is sufficiently sensitive to make the inclusion of such a clause inadvisable even though the contract may not be technically Government sterile."

The present paragraph (d) "SETTLEMENTS" should then be relettered "(e)" or the paragraph could be omitted entirely since reconciliation would be required in any event prior to a settlement.

e. Article IV(c)(2). I would prefer this to read as follows:

"(2) Questions of law.

Questions of law as to which the Contracting Officer and the Chief, ICAB, are unable to agree will be referred to the General Counsel, whose written opinion shall be binding upon Contracting and Certifying Officers."

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2. I have discussed these changes in general terms with Bob [REDACTED]. He indicated general agreement but said he would like to see the actual language. I am, therefore, forwarding him a copy of this memorandum.

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[REDACTED]
Assistant General Counsel

Att - Memorandum of Understanding

cc: Comptroller
OGC chrono

✓ OGC subject "Accounting 2" Cross Ref: Equipment & Supplies 2